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TO RUEHC/SECSTATE WASHDC PRIORITY 2853
INFO RUEKJCS/SECDEF WASHDC PRIORITY
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY
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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 04/20/07

- 1) Top headlines
- 2) Editorials
- 3) Prime Minister's daily schedule

4) Jiji poll shows Abe Cabinet support rate has recovered to 40.6%,
the public being pleased about improved Japan-China relations

Abe diplomacy:

- 5) Prime Minister Abe will set the location for the G8 summit on
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- 6) Abe plans to visit US military hospital in Maryland to console US
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- 7) Speculation that North Korea may be making Abe's trip to the US
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- 8) Foreign Minister Aso to visit the US, Russia, and Egypt, starting
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- 9) LDP lawmakers to cancel planned visit to US over resolution on
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this session
- 11) May be difficult for the Diet to pass the national referendum
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- 12) Diet to pass the EEZ-related basic maritime bill today
- 13) Standoff in Diet continues between LDP, coalition partner New
Komeito over requiring receipts for lawmakers' office expenses in
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14) Minshuto (Democratic Party of Japan) President Ozawa rapped by other opposition parties for dodging responsibilities in Diet, not even debating Abe

15) Minshuto presents bill to repeal Iraq law

16) National debt rises 11 trillion yen in 3 years to whopping 283 trillion yen: LDP calculation

17) METI planning to independently develop raw material in South East Asia for CO2 gas-reducing bio-fuel

US beef issue:

18) USMEF tells Washington it is ready and willing to accept plant inspections, as requested by Japanese government

19) But Agricultural Minister Matsuoka and USDA Secretary Johanns remain at odds over plant inspections

Articles:

1) TOP HEADLINES

Asahi & Mainichi:

Government agency-led bid rigging scheme for construction of forest road involving Japan Green Resources Agency: Bid prices manipulated

Yomiuri:

Health Ministry, Land Ministry to start linking social welfare projects to construction and maintenance of apartment buildings constructed by the Housing Corporation

Nihon Keizai:

National universities moving to be financed by private-sector banks in response to reduced subsidies

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Sankei:

Rakuten to buy TBS shares up to 20% or more of the total, call for two outside board member posts

Tokyo Shimbun:

Continued "amakudari" by former Forestry Agency's officials to public corporations via Japan Green Resources Agency, which was raided by FTC on suspicion of initiating bid-rigging

Akahata:

Unified local elections: JCP devoting itself to gaining more seats to work as "lifeline" of residents

2) EDITORIALS

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(1) Assassination of Nagasaki mayor: Stricter regulations against mobsters

(2) Foreign road bid-rigging scheme: Illegal activities involving agriculture and forestry engineering must be made clear

Mainichi:

(1) Amendment to the Juvenile Law: Is it a good thing to put elementary school kids in youth prison?

(2) Japan Green Resources Agency-led bid-rigging scheme: Drastic reform indispensable

Yomiuri:

(1) Bid rigging for forest road: Root cause lies in "Amakudai" by MAFF officials

(2) 40th anniversary of foundation of ASEAN: Japan should back "reform"

Nihon Keizai:

(1) Specific steps needed for realization of medical service centering on home care

(2) Government agency-initiated bid rigging found also in forestry sector

Sankei:

- (1) Violence toward administration: Improper demands should be rejected
- (2) Amendment to the Juvenile Law unavoidable because of a growing number of crimes by younger children

Tokyo Shimbun:

- (1) Government agency-led bid rigging for forest road: Retired bureaucrats who landed cushy jobs at public corporations in effect put both making orders and receiving orders under their control
- (2) Revised Equal Employment Law: Job relocation must not be used to justify treatment disparities

Akahata:

US beef: Stop relaxing rules in way to destroy our peace of mind and safety

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, April 19

NIHON KEIZAI (Page 2) (Full)

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April 20, 2007

07:57

Met at a Grand Prince Hotel Akasaka restaurant with Japan Business Federation Chairman Mitarai, University of Tokyo Professor Motoshige Ito and others.

10:00

Met Economic and Fiscal Policy Minister Ota at Kantei, joined in by cabinet policy officers Fujioka and Murase. Afterward met Fisheries Agency Director General Shirasu.

11:20

Met advisor Yamatani, followed by Ambassador to Bahrain Kondo.

12:04

Had lunch with reporters covering the prime minister.

14:28

Met Vice Foreign Minister Yachi, followed by Chief Cabinet Secretary Shiozaki and his deputy Matoba.

15:40

Met chairman Jiro Ushio and other members of the METI Research Council on the Innovation and Productivity of the Service Industry.

16:13

Met Vice Defense Minister Moriya.

17:09

Cabinet Intelligence Director Mitani, followed by LDP policy chief Nakagawa.

18:41

Met Deputy Foreign Minister Yabunaka, North American Affairs Bureau chief Nishimiya, Middle Eastern and African Affairs Bureau chief Okuda, Shiozaki, and others.

20:16

Returned to his official residence.

4) Jiji Press poll: Cabinet support rebounds to 40.6%

TOKYO (Page 2) (Full)

April 20, 2007

The rate of public support for Prime Minister Shinzo Abe and his cabinet reached 40.6%, up 5.9 percentage points from last month, according to findings from a Jiji Press poll conducted April 12-15. The approval rating for the Abe cabinet rebounded from its downward trend that had continued since December last year. The Abe cabinet's disapproval rating was 34.8%, down 4.4 points. The figures can be seen as reflecting the public's positive response to the prime

minister's efforts to improve Japan-China relations with Chinese Premier Wen Jiabao's recent visit to Japan and reform the government's public service system with a plan that features restricting government bureaucrats' practice of moving into public corporations or private businesses after retirement.

The Abe cabinet's nonsupport rate topped its support rate in February as the premier was pursued in the Diet by the opposition

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bench over a cabinet minister's murky report on political funds and another minister's gaffe. In the latest poll, however, the support rate topped the nonsupport rate again for the first time in three months.

Among men, however, the Abe cabinet's disapproval rating topped its approval rating as in last month's poll, with the support rate reaching 39.8% and the nonsupport rate at 41.4%. Among women, the support rate was 41.4%, with the nonsupport rate at 28.6%. In the last poll, the Abe cabinet's approval and disapproval ratings were close among female respondents.

The survey was conducted on a face-to-face basis with a total of 2,000 persons chosen from among males and females aged 20 and over. The response rate was 69.6%.

5) Venue of G-8 Summit to be decided on Apr. 23; Summit meeting to be held in Hokkaido or Kyoto

ASAHI (Page 4) (Full)
April 20, 2007

Prime Minister Abe has decided to set a venue for the G-8 Summit to be held in Japan next year. The plan is to hold summit and ministerial meetings at several locations. A venue for the summit will be set first. Candidate places are Lake Toya in Hokkaido and Kyoto. The prime minister will make a final decision.

The prime minister will announce his decision on Apr. 23, once he obtains entrustment from the ruling parties at a government-ruling camp liaison meeting to be held the same day. He told reporters yesterday at the Kantei, "I must take into account various aspects, including security, safety and a condition that a venue for the G-8 must be befitting a 'beautiful Japan'."

Yokohama and Niigata -- port cities, Okayama and Kagawa Prefectures in the Setouchi region, Lake Toya in Hokkaido, Kyoto, Osaka and Hyogo Prefecture in the Kansai region are among candidates. Each municipality has been campaigning in a bid to host the G-8.

Alert to the possibility of terrorist attacks, it has recently become a trend to hold the summit at resort areas, where security can be maintained relatively easily. Though Hokkaido was first not so enthusiastic about the idea of hosting the G-8 Summit, it has come forward, urged by aides to the prime minister. As such, some take the view that Lake Toya would most likely be picked as a venue. Another deep-seated view is that Kyoto is suitable, because it has a state guesthouse completed in Apr. 2005. The government is planning to hold an environmental ministerial meeting as well as summit talks.

6) Abe to visit US soldiers injured in Iraq war during upcoming US trip

YOMIURI (Page 2) (Full)
April 20, 2007

During his visit to the United States starting April 26, Prime Minister Shinzo Abe will visit the Bethesda Navy Hospital in Maryland where many US servicemen injured in the Iraq war are hospitalized. His schedule is under coordination between the governments of Japan and the US. It is unusual for a Japanese prime

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minister to visit injured American servicemen at a hospital. The aim is to demonstrate close Japan-US cooperation in Iraq policy and Japan's continued commitment to the reconstruction of Iraq. Abe is scheduled to hold a summit meeting with President George W. Bush on April 27 at Camp David in Maryland.

7) Japan-US summit may be deadline for North Korea to shut down Yongbyon plant; Greater pressure may follow North's failure to take action

NIHON KEIZAI (Page 2) (Abridged slightly)
April 20, 2007

A view has appeared in the United States that whether or not North Korea begins shutting down and sealing its Yongbyon nuclear facilities before or after the April 27 Japan-US summit would affect the future course of the six-party talks. The outlook is that in the event the North failed to implement its initial steps by then, Prime Minister Shinzo Abe, a hardliner toward North Korea, would urge President Bush to apply pressure on Pyongyang and that the president would have to agree with Abe. Psychological warfare is expected to take place between North Korea and Japan and the United States in the remaining one week.

Michael Green, a former National Security Council Asian affairs director, indicated in a speech on April 18 that whether or not the North would make moves before Abe's US trip would be a key factor, saying: "The real deadline would be when Prime Minister Abe visits the United States."

Following North Korea's failure to meet the February 14 deadline, Abe is now in a strong position that can urge President Bush to apply pressure on the North to test Pyongyang's wishes. Bush will agree with Abe and apply greater pressure on the North in cooperation with Japan. This is what Green said. His observation is that Abe's US trip will become an important milestone for the Bush administration, which has made many concessions to the North, such as lifting its financial sanctions and a delay in the deadline.

Green's speech suggested that the US government is not monolithic about the State Department-led dialogue policy course. After visiting North Korea with a US delegation days ago, NSC Japanese and North Korean affairs director Victor Cha stopped over in Tokyo to hold talks with senior Japanese government officials apparently in order to highlight the need for the North to implement the initial steps without delay. A relevant source took this view: "The White House is expecting Cha to serve as a brake for Assistant Secretary of State Christopher Hill, who is leaning toward dialogue with North Korea."

The US Department of the Treasury also banned on April 18 all American banks from dealing with Banco Delta Asia, as scheduled. Despite its series of compromise, the US has upheld its position that North Korea is involved in illicit activities, such as the transaction of weapons of mass destruction. This shows a combination of different roles, with the State Department responsible for talks with the North, the Treasury Department assisting it, and the White House tightening its grip over the two.

State Department spokesman Sean McCormack also indicated that a final decision would be made by the White House, saying: "A decision on the implementation deadline will be made by the president and

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Secretary of State Rice." With President Bush and Vice President

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Cheney reportedly remaining alarmed at the Kim Jong Il regime, there is a possibility that the North's possible move before the Abe-Bush talks will determine the future course of the six-party talks.

8) Foreign Minister to visit US, Russia and Egypt

YOMIURI (Page 4) (Full)
April 20, 2007

The Foreign Ministry announced yesterday that Foreign Minister Taro Aso would visit the United States, Russia and Egypt from April 28 through May 6. Aso is expected to meet on April 30 in Washington with Secretary of State Condoleezza Rice and to attend a Japan-U.S. Security Consultative Committee (2-plus-2) meeting on May 1.

In Moscow, Aso will meet with Security Council Secretary Ivanov and Foreign Minister Lavrov.

In Egypt, he will take part in a foreign ministerial of the G-8 and surrounding countries supporting Iraq's stabilization. The conference will take place in Sharm El Sheikh, a resort in eastern Egypt.

9) LDP lawmakers to cancel planned visit to US over resolution on comfort women

YOMIURI (Page 4) (Full)
April 20, 2007

A group of lawmakers to think of Japan's future and history education, chaired by former Education Minister Nariaki Nakayama, yesterday began coordination to cancel a visit to Washington by its members planned for later this month. The group made up of lawmakers from the ruling Liberal Democratic Party (LDP) had decided to lobby against a US congressional resolution on the wartime "comfort women."

A senior group member made this comment:

"Prime Minister Abe is expected to explain Japan's position on the comfort women issue when he visits the US in late April. So we are now determined that our planned US trip will be ineffective."

The group thought that the visit would provoke the US public, so it appears to have considered not complicating the matter further.

It had planned to send Kyoko Nishikawa and Yasuhide Nakayama to the US to explain the "comfort women" issue to Foreign Affairs Committee officials that as there was no proof that the government or the military coerced women into brothels, and that the facts for the resolution are not correct. Some in the LDP were concerned about the group's plan, with former Secretary General Koichi Kato saying, "I'm worried that the group's planned trip to the US after the prime minister's visit to Washington might become a torch to set fire on the dried grass."

10) LDP to defer submission of a sanction bill against DPRK to the current Diet session, out of consideration for the international community's tilt toward dialogue line

MAINICHI (Page 2) (Full)

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April 20, 2007

Yu Oyamada

The ruling Liberal Democratic Party's (LDP) Sanction Simulation Team against North Korea, chaired by House of Councilors member Ichita Yamamoto, yesterday decided to defer a submission of a financial deal restriction bill intended to prevent moneylaundering by North Korea, to the current session of the Diet. This decision came in consideration of the international community's tilt toward the dialogue line as evidenced by, for instance, the United States' lifting of the freeze on North Korean accounts at Macao's Banco Delta Asia after an agreement was reached in the February six-party talks on the first-stage action toward North Korea's dismantlement of its nuclear programs and facilities.

Focusing on North Korea, the bill is intended to designate banking institutions suspected of illegal acts, such as moneylaundering involving foreign governments, and prohibit other banks from trading with those suspicious banks. Japan has imposed sanctions on North Korea under such laws as the Law Banning Certain Ships from Calling

at Japanese Ports since Pyongyang test-fired missiles in last July. This sanction simulation team has engaged in preparations for new legislation because "under the existing laws, Japan is unable to take any more sanction measures," a senior official at the Cabinet Secretariat said. The bill was created last December, but the team

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has now judged it necessary to wait and see how six-party talks will unfold in the weeks ahead, taking into account the changing international situation over North Korea.

11) Passage of national referendum bill by May 3 unlikely

ASAHI (Page 4) (Full)
April 20, 2007

The ruling camp has decided to give up on passing the national referendum bill within April. It will instead aim at passage without confusion in consideration of the opposition camp's call for seeking cautious deliberations. An agreement was reached on a schedule for local hearings at an informal meeting of the directors of the Upper House Special Committee on Constitutional Research yesterday. However, the ruling parties did not propose holding a central public hearing, a premise for a roll call. Since the Golden Week holidays will start before holding a public hearing, the bill is unlikely to be enacted into law by May 3, the day Prime Minister Abe has aimed at.

The special committee has held deliberations for three consecutive days since its start of deliberations on the bill on the 17th. However, it was decided at the directors meeting that there would be no deliberations on the 20th, but interpellations on the 23rd and local public hearings on the 24th in Nagoya and Sendai. Discussions to decide on a schedule for a central public hearing will be held on the 23rd or later. However, since it is customary to set up a weeklong period of time or so to inform the public, it is now difficult to hold a public hearing within April.

One LDP director on the special committee indicated an outlook that passage in mid-May would be a sensible procedure."

12) Maritime base bill to be passed into law today

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YOMIURI (Page 4) (Full)
April 20, 2007

The House of Councillors Committee on Land, Infrastructure and Transport yesterday approved by a majority a maritime basic law stipulating Japan's comprehensive maritime policy, as well as a bill setting safe water zone for maritime construction aimed at securing safety for gas drilling within Japan's exclusive economic zone (EEZ).

The two bills will likely be approved at a plenary session today of the Upper House and passed into law.

13) LDP, New Komeito fail to resolve conflicting views over "receipts" concerning revisions to the Political Fund Control Law

MAINICHI (Page 2) (Full)
April 20, 2007

Yu Takayama, Shinya Oba

The ruling Liberal Democratic Party (LDP) and its junior coalition New Komeito in a meeting yesterday of their project team (PT) to deal with a bill amending the Political Fund Control Law discussed specific revisions. Both parties have agreed to put in the bill an item banning political fund management organizations from possessing properties in connection with the major opposition Democratic Party of Japan's (Minshuto or DPJ) President Ichiro Ozawa's fund management organization's possession of a property worth one billion or so yen. But they failed to resolve their conflicting views over the question of whether to make it obligatory to attach receipts of

operating expenses to political fund reports, a focal issue, and decided to put off a conclusion until after the Golden Week holidays.

Joining the PT meeting yesterday from the LDP were Acting Secretary-General Nobuteru Ishihara and other lawmakers and Deputy

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Representative Junji Azuma and other lawmakers from the New Komeito. The LDP suggested to the New Komeito a ban on political funds management organizations' possession of properties. The LDP also suggested subdividing the office operational expenses into five items: "land rent/rent," "taxes and public dues, and insurance costs"; "communications costs," and "repair expenses." But the utility charges, over which Agriculture Minister Toshikatsu Matsukaki's lack of transparency in his political fund reports has been called into question, are not covered by the LDP's proposal.

In contrast, the New Komeito came up with a proposal that will make it obligatory to attach receipts of operational expenses (office expenses, utility charges, and furniture/fixtures and office supplies) to political funds reports. Azuma stressed the need for attaching receipts, noting: "The problem is that a portion of the political activities expenses, which are essentially required to be proved by receipts, were mixed in the operational expenses, which do not require the attachment of receipts as proof." Ishihara refused to accept the New Komeito's proposal, arguing: "It's difficult to attach receipts because a variety of opposition views exist in the LDP. For instance, one member argues, 'Our political activities will be shackled.'"

Major points of contention over politics and money

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- 1) Obligation to attach receipts
- 2) Subdivision of the expenses
- 3) Ban on political funds management organizations' possession of properties

LDP

- 1) Disagree. Political activities should be carried out freely.
- 2) Agree. The political funds management organizations' office expenses should be subdivided into five items.
- 3) Agree.

New Komeito

- 1) Agree. All the operational expenses of political funds management organizations, except for the personnel costs, should be required to attach receipts.
- 2) Disagree. This is unnecessary if receipts are attached.
- 3) Agree.

14) JCP, SDP also criticize Minshuto President Ozawa for shying away from debate with Prime Minister Abe

MAINICHI (Page 5) (Full)
April 20, 2007

Not only the ruling coalition but also opposition parties yesterday criticized Minshuto (Democratic Party of Japan) President Ichiro Ozawa for holding no one-on-one debate with Prime Minister Shinzo Abe in the current Diet session while placing priority on his stumping tour for the summer's House of Councillors election. Japanese Communist Party (JCP) Chairman Kazuo Shii yesterday criticized Ozawa in a press conference, saying: "I wonder if it's appropriate for the opposition to abandon its function to ask the government and ruling camp about their positions." Social Democratic Party (SDP) Secretary General Seiji Mataichi also stated: "The ruling parties would just call him a fugitive." Given that Minshuto Acting President Naoto Kan said at a press conference yesterday: "Such a view is now being raised from within our party. Secretary General Yukio Hatoyama has asked the president (to hold a party-head debate)."

- 15) Minshuto presents bill to repeal Iraq law

NIHON KEIZAI (Page 2) (Full)
April 20, 2007

The major opposition Minshuto (Democratic Party of Japan) yesterday submitted to the Lower House a bill for repealing the Iraq Reconstruction Support Special Measures Law seeking an early withdrawal of the Self-Defense Force troops from Iraq. The government has introduced a bill to extend the Iraq law for two years, on which deliberations are expected to start as early as next week. Minshuto intends to make the matter a campaign issue for the Upper House election in July.

16) State liabilities to reach 283 trillion yen: 11 trillion increase over past three years, according to LDP estimate

ASAHI (Page 1) (Full)
April 20, 2007

A research group, asked by the Liberal Democratic Party, estimated that state liabilities, which could become the burden of future

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generations, would reach 283 trillion yen in fiscal 2007, an increase of 11 trillion yen in the three fiscal years from 2004. Though an increase in tax revenues has slowed the pace of the expansion, the government's fiscal standing is still in a state of excessive insolvency. The software used for the estimate can be used for the compilation of a budget. The study group is aiming at shifting leadership over budget compilation from the hand of the Finance Ministry (MOF) to the Prime Minister's Office (Kantei).

MOF has already released the amount of state liabilities for fiscal 2007, but this is the first release of the situation of state liabilities thereafter. The estimate was made by a study group led by Fumiki Sakurauchi, associate professor at Niigata University, consigned by the LDP Policy Research Council. The group estimated the latest situation of state liabilities, using personal computer software called State Finances Navigation, which is capable of analyzing state finances using a public accounting system based on a corporate accounting system.

State liabilities excluding some expenses, such as expenses for law courts, stood at 272 trillion yen in fiscal 2004. The growth of the increase has slowed due to the recent increase in tax revenues, holding down the estimated amount for fiscal 2007 at approximately 283.4 trillion yen, up 0.04% compared with the previous year's level.

State liabilities are the amount determined by deducting assets from the state's deficit. Since assets include roads and dams, which are unsalable, the fiscal burden to be shouldered by future generations could be even bigger.

17) METI plans to voluntarily develop bioethanol in Southeast Asia as measure to reduce CO2 emissions

SANKEI (Page 2) (Excerpts)
April 20, 2007

The Ministry of Economy, Trade and Industry (METI) yesterday revealed its plan to voluntarily develop bioethanol. In an effort to reduce greenhouse effect gas emissions, the government has pushed ahead with plans to use bioethanol for automobiles. Under the plan announced yesterday, materials to produce bioethanol, such as sugarcane, will be produced and processed in Southeast Asia, and then the processed products will be imported to Japan. The government aims to establish a stable supply system by securing the rights for the production process.

To attain the goal set under the Kyoto Protocol to reduce greenhouse effect gas emissions, the government has set forth a plan to use 800,000 kiloliters of bioethanol fuel annually by around 2010. It has been reported that the use of bioethanol does not increase carbon dioxide emissions.

Keeping in mind production in the Philippines, Malaysia, and Indonesia, METI intends to determine candidate sites by the end of this year. Trading houses will be involved in the process, starting with the production of sugarcane and other materials. The ministry aims to secure stable supply by concluding contracts covering more than 10 years with local farmers.

18) US meet exporters urge US government to accept Japan's inspections of US slaughterhouses

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MAINICHI (Page 2) (Full)
April 20, 2007

It was learned yesterday that the United States Meat Export Federation (USMEF, chaired by Philip Seng) had called on the US government to accept Japan's request to inspect US slaughterhouses. The US government, however, has disapproved of the USMEF call, reiterating that Japan should remove its age-limit condition. Attention is being focused on whether Washington would accept Japan's request prior to the planned Japan-US summit set for April 27.

Nearly nine months have passed since Japan lifted its second ban on US beef imports last July. The Japanese government intends to look into the possibility of easing the condition of importing only beef from cattle 20 months of age or younger if no problem is found in its inspections. The US side, however, has continued to demand since March that the age-limit condition be scrapped, as Agriculture Secretary Johanns asserted: "Japan should promise first to observe

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the World Organization for Animal Health's (OIE) beef-export standard." The two countries have yet to find common ground.

According to a person in the US beef industry; predominant in the industry is the view that Japan's inspections should be carried out first in order to bring about progress (in easing Japan's import conditions). The volume of US beef exports to Japan remains at about 10% of that recorded before Japan banned imports in 2003, but US beef exporters expect that if the proposed inspections are implemented, the current inspections of all packed beef will become unnecessary and eventually exports might increase.

A USMEF official said: "Even if we pry open the Japanese market, there will be no meaning if Japanese consumers turn away from US beef."

19) Matsuoka, Johanns remain at odds over "inspections" in teleconference

MAINICHI (Page 2) (Full)
April 20, 2007

Agriculture, Forestry and Fisheries Minister Toshikatsu Matsuoka held a teleconference with United States Agriculture Secretary Mike Johanns last night to exchange views on the US beef issue. Matsuoka said, "In order to facilitate the necessary process, it is necessary to realize the early implementation of Japan's inspections." Johanns replied, "We would like to look into it," but he added, "Japan should accept the international benchmark." In an effort to resolve the issue by the time of the planned Japan-US summit, the Japanese government will continue to work on the US to accept Japan's proposed inspections.

SCHIEFFER